

Christopher O. Rivas (SBN 238765)
Marsha A. Houston (SBN 129956)
Shayna A. Jackson (SBN 340864)
REED SMITH LLP
355 South Grand Avenue, Suite 2900
Los Angeles, CA 90071-1514
Telephone: + 1 213 457 8000
Fax + 1 213 457 8080

Attorneys for Woodforest National Bank

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re:
TRX HOLDCO, LLC,
Debtor in Possession.

Case No.: 8:22-bk-10948-SC

**LIMITED OBJECTION AND
RESERVATION OF RIGHTS RE (I)
SUPPLEMENT TO DEBTOR'S MOTION
FOR ENTRY OF AN ORDER
AUTHORIZING DEBTOR TO USE CASH
COLLATERAL; AND (II) BIDDING
PROCEDURES**

Date: June 30, 2022
Time: 10:00 a.m.
Dept.: Courtroom 5C, Via ZoomGov

The Honorable Scott C. Clarkson

Woodforest National Bank (the “Bank”), hereby submits this reservation of rights and limited objection (the “Limited Objection”) to Debtors TRX Holdco, LLC and Fitness Anywhere LLC’s (together, the “Debtors”) *Supplement to Debtor’s Emergency Motion for Entry of an Interim Order: (i) Authorizing the Debtors to Use Cash Collateral Pursuant to 11 U.S.C. §§ 361, 362 and 363; (ii) Granting Adequate Protection; (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b); etc.* (the “Cash Collateral Supplement”) [Dkt. No. 75]; and *Motion for Entry of an Order Establishing Bidding Procedures, etc.* (“Bidding Procedures Motion”) [Dkt. No. 89.]

I.

LIMITED OBJECTION TO CASH COLLATERAL SUPPLEMENT

The Bank continues to support the Debtors’ endeavors to market and sell the company on a going-concern basis. The Bank and the Debtors, through their respective attorneys and legal professionals, have been working diligently (including nights and weekends) to negotiate an acceptable cash collateral order and the terms of a DIP financing facility. As of the time of this filing, the Bank is very confident that the parties will have an agreed-upon form of budget and cash collateral order at the time of hearing.

However, at the present time, the parties have not yet resolved a limited number of outstanding issues with respect to the terms of the Debtors’ use of the Bank’s cash collateral. As such, the Bank objects to the use of its cash collateral in the form of budget submitted in the Supplement. The Bank’s collateral has been and will continue to diminish (including at a much higher rate than Debtors had forecasted for the last two weeks) and, as such, its consent is necessary. 11 U.S.C. § 363(c)(2); see *In re Deico Elecs., Inc.*, 139 B.R. 945, 947 (9th Cir. BAP 1992). A secured creditor with a lien on cash collateral has a constitutional right to the protection of its interest in such collateral. See *Freightliner Mkt. Dev. Corp. v. Silver Wheel Freight Lines Inc.*, 823 F.2d 362 (9th Cir. 1987).

II.

LIMITED OBJECTION TO BIDDING PROCEDURES MOTION

The Bank agrees with the procedures set forth in the Bidding Procedures Motion, but has asked that any order approving the motion acknowledge the Bank’s credit bidding rights as well as

1 establishing that the Bank is a qualified bidder, thereunder, without the need for any further
2 documents or information from the Bank. The Bank understands that the Debtor will consent to this
3 relief and files this limited objection solely to reserve its rights therewith.

4 **III.**

5 **CONCLUSION**

6 Given the substantial progress between the parties and their professionals over the preceding
7 two weeks, the Bank is optimistic that cash collateral will be approved at the hearing on a consensual
8 and interim basis for a sufficient period of time to “bridge” the Debtors’ operations to a final cash
9 collateral order and DIP financing order. However, because a few final issues have yet to be
10 finalized between the Bank and the Debtors, the Bank has filed this limited objection and reservation
11 of rights.

12
13 Dated: June 29, 2022

Respectfully submitted,

14 REED SMITH LLP

15
16 By /s/ Christopher O. Rivas

Marsha A. Houston

Christopher O. Rivas

355 South Grand Avenue, Suite 2900

Los Angeles, CA 90071-1514

Telephone: 213.457.8000

Facsimile: 213.457.8080

17
18
19
20 *Attorneys for Woodforest National Bank*

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
355 South Grand Ave, Suite 2900, Los Angeles, CA 90071

A true and correct copy of the foregoing document entitled (*specify*): **LIMITED OBJECTION AND RESERVATION OF RIGHTS RE (I) SUPPLEMENT TO DEBTOR'S MOTION FOR ENTRY OF AN ORDER AUTHORIZING DEBTOR TO USE CASH COLLATERAL; AND (II) BIDDING PROCEDURES**

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) June 29, 2022, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Ron Bender rb@lnbyb.com
Shawn M Christianson cmcintire@buchalter.com, schristianson@buchalter.com
Michael I. Gottfried mgottfried@elkinskalt.com, cavila@elkinskalt.com
Jonathan Gottlieb jd@lnbyb.com
Michael J Hauser michael.hauser@usdoj.gov
Marsha A Houston mhouston@reedsmith.com, hvalencia@reedsmith.com
Krikor J Meshefejian kjm@lnbyb.com
Ali M Mojdehi amojdehi@btlaw.com, jgertz@btlaw.com; arego@btlaw.com; amattngly@btlaw.com
Christopher O Rivas crivas@reedsmith.com, chris-rivas-8658@ecf.pacerpro.com
Lindsey L Smith lls@lnbyb.com, lls@ecf.inforuptcy.com
United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) June 29, 2022, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

BY UPS OVERNIGHT DELIVERY:

Honorable Scott C. Clarkson
United States Bankruptcy Court
Central District of California
Ronald Reagan Federal Building and Courthouse
411 West Fourth Street, Suite 5130 / Courtroom 5C
Santa Ana, CA 92701-4593

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

6/29/2022

Date

Sean Wilson

Printed Name

/s/ Sean Wilson

Signature